

**HEALTH SERVICES AND DEVELOPMENT AGENCY**  
**MINUTES**  
**JANUARY 25, 2012**

**AGENCY MEMBERS PRESENT**

Burns, Charlotte  
Doolittle, Robert S.  
Gaither, Keith, designee for the TennCare Director  
Haik, Barrett, M.D.  
Johnson, D. Lynn, Vice-Chair  
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance  
Koella, Carl, III, Chair  
Lammert, Gregory  
Southwick, William  
Weaver, Faye, designee for the Comptroller of the Treasury  
Wright, James

**AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant III  
Christoffersen, Jim, General Counsel  
Craighead, Alecia, Statistical Analyst III  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Director of Administrative Services  
Wells, Phil, Health Planner III

**COURT REPORTER**

Kidd, Ed

**GUESTS PRESENT**

Babbs, Janice, Planning, Vanderbilt University Medical Center  
Braber-Grove, Sandra, Esq., Tennessee Department of Mental Health  
Brotherton, Matthew, Esq., Kramer Rayson, LLC  
Carpenter, Lene, Controller, Skyline Medical Center  
Chabrew, Jaysan, Analyst, Outpatient Imaging Affiliates, LLC  
Corritore, Danell, Director, Certificate of Need Unit, Tennessee Department of Health  
Delozier, Joseph B., III, M.D.  
Diaz, Marsha, Director of Imaging, Tennessee Oncology  
Duckett, Gregory M., Sr. Vice President/Corporate Counsel, Baptist Memorial Health Care Corporation  
Duncan, Bruce, Vice President, National HealthCare Corporation  
Elrod, Dan H., Esq., Miller & Martin  
Fox, Matthew, President/CEO, Alexian Village of Tennessee  
Galbreath, Jay, Director of Strategic Financial Planning, Saint Thomas Health  
Gooch, Warren L., Esq., Kramer Rayson, LLP  
Herman, Michael, COO, Sumner Regional Medical Center  
Hill, Ronald, Vice President, Strategic Development, Vanderbilt University Medical Center  
Hodge, Elisha, Esq., Tennessee Comptroller's Office  
Houchin, Barbara, Executive Director, Planning, Saint Thomas Health Services

Howard, Jill, COO, Skyline Medical Center  
King, Don, COO, Saint Thomas Hospital  
Lambdin, Leeann, Saint Thomas Health Services  
Lively, Deborah, Tennessee Health Care Association  
Looney, Kim Harvey, Esq., Waller Lansden Dortch & Davis  
Maples, Arthur, Director Government Operations, Baptist Memorial Health Care Corporation  
Merville, LaDonna, Vice President, Hospital Alliance of Tennessee  
Patton, Jeff, M.D., CEO, Tennessee Oncology, PLLC  
Peterson, Anita, Vice-President, TriStar/HCA  
Phillips, Kevin, Alexian Village of Tennessee  
Puri, Christopher, Esq., Bradley Arant Boult Cummings, LLP  
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, Div. of Health Care Facilities, Tenn. Dept. of Health  
Rowe, James Scott, Administrator/CEO, HealthSouth Rehabilitation Hospital of Chattanooga  
Rudolph, Dawn, President/CEO, Saint Thomas Hospital  
Schultz, Brad, CFO, Skyline Medical Center  
Skelton, Damian R., Executive Director, Saint Thomas Hospital  
Smith, Walter C., Director, State Regulatory Affairs, HealthSouth  
Springer, Karen, Sr. Vice President, Operations, Saint Thomas Health  
Tally, Sarah Lodge, Esq., Miller & Martin  
Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC  
Terrell, Chris, Associate General Counsel, HealthSouth  
Trauger, Byron R., Esq., Trauger & Tuke  
Tummine, Andrea, Skyline Medical Center  
Wellborn, John, Consultant, Development Support Group  
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz  
White, R. Brian, Consultant, Competitive Solutions  
Williams, Jane, Administrator, Williams Surgery Center  
Wilson, Walter, Program Manager, Skyline Medical Center

**Chairman Koella, called the meeting to order at 8:30 a.m. in room 160, of the Davy Crockett Tower, Nashville, Tennessee.**

#### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements stating the following number of applications would be heard in upcoming meetings -- February (7), March (3), and April (possibly 3). Ms. Hill noted that future meeting locations could change but that she would provide public notice of the change.

**STATE HEALTH PLAN UPDATE** – Jeff Ockerman, Director, Division of Health Planning, Finance & Administration announced the 2011 State Health Plan was approved by Governor Haslam on December 21, 2011. Mr. Ockerman made other general announcements.

#### **CONSENT CALENDAR**

*Melanie Hill summarized the following Consent Calendar application:*

*Dr. Haik recused.*

#### **Baptist Memorial Hospital - Tipton - (Germantown, Shelby County) - Project No. CN1111-050**

The acquisition of a Positron Emission Tomography/Computed Axial Tomography (PET/CT) unit and the initiation of PET services. The PET/CT was previously owned and operated at the same site pursuant to CN0511-105A approved for UT Cancer Institute, owned & managed by The Boston Baskin Cancer Group. The PET/CT unit will continue to be located in leased space at 7945 Wolf River Boulevard, Germantown (Shelby County), TN 38138. The project does not involve the addition of beds or any other service for which a certificate of need is required. Project Cost \$1,359,221.00.

Dan H. Elrod, Esq., representing the applicant, was present to address the Agency. Present on behalf of Baptist Memorial Health Care Corporation were Arthur Maples, Director Strategic Analysis, and Gregory Duckett, Sr. Vice-President/Corporate Counsel.

Ms. Hill stated the consent was granted for the project based on the following criteria: 1) Need—Technically this is considered a new PET/CT service—in reality it is transferring the ownership of an existing, well utilized PET/CT from a physicians' practice to a hospital, and will not add an additional unit to the service area; 2) Economic Feasibility – the project will be funded through the cash reserves of Baptist Memorial Hospital; and 3) The project does contribute to the orderly development of adequate and effective health care since it takes an existing PET/CT and places it under the ownership of the new comprehensive cancer center that was approved for Baptist Memorial Hospital-Tipton in August, 2011. This site is four-tenths (.4) of a mile from where the new cancer center will be located and approximately five (5) miles from Baptist Memorial Hospital in Shelby County.

Mr. Southwick moved for approval of the project based on the need, economic feasibility and the orderly development of adequate and effective health care as presented by Ms. Hill. Ms. Weaver and others seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Southwick, Koella  
NAY: None

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **Delozier Surgery Center, LLC - (Nashville, Davidson County) - Project No. CN1108-028**

The expansion of the existing ambulatory surgical treatment center (ASTC) for outpatient plastic and reconstructive surgery from one (1) operating room to two (2) operating rooms. Project Cost \$281,835.00.

Kim H. Looney, Esq., representing the applicant, addressed the Agency. Joseph B. Delozier, III, M.D., spoke on behalf of the project. R. Brian White, Consultant, was present in support of the project.

Mr. Lammert moved for approval of the project based on: 1) Need – There is obviously a need from evidence of the existing practice; 2) Economic Feasibility – The project's economic feasibility is met with cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by allowing this practice to continue with two (2) operating rooms that will be more efficient and effective for the patients that are served. Mr. Southwick seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick, Koella  
NAY: None

*Mr. Southwick recused.*

#### **Saint Thomas Hospital - (Nashville, Davidson County) - Project No. CN1110-037**

A three phase hospital project, including the renovation of 89,134 square foot of hospital space, and the construction of a six (6)-level 135,537 square foot patient tower to be adjoined to the hospital. Services and areas affected included critical care, operating rooms, patient registration, patient admission and testing, surgery waiting, surgery pre/post op, emergency department, chest pain clinic and support space. Major medical equipment for the project consists of one additional GE Discovery CT 750 HD 128-slice CT scanner. There are no additional services, operating rooms or beds requested in the project. Project Cost \$110,780,000.00. The applicant requested a five (5) year extension of the expiration date.

Warren L. Gooch, Esq., representing the applicant, addressed the Agency. Dawn Rudolph, President/CEO, Saint Thomas Hospital spoke on behalf of the project. Responding to questions by members were: Damian R. Skelton, Executive Director, Saint Thomas Hospital; and Jay Galbreath, Director of Strategic Financial

Planning, Saint Thomas Health. Present in support of the project were: Barbara Houchin, Executive Director, Planning, Saint Thomas Health; Don King, COO, Saint Thomas Hospital; and Karen Springer, Sr. Vice President, Operations, Saint Thomas Health.

Ms. Burns moved for approval of the project with a five (5) year expiration date based on: 1) Need – The need is there to upgrade the services and improve the facility; 2) Economic Feasibility – The project is economically feasible due to cash reserves being available; and 3) The project does contribute to the orderly development of adequate and effective health care based upon enhancing services for the patients they serve and not disrupting their current services. Mr. Wright seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Koella  
NAY: None

**HealthSouth Chattanooga Rehabilitation Hospital - (Chattanooga, Hamilton County) - Project No. CN1110-038**

The renovation of existing space and construction of a partial replacement of the hospital. The project proposes the demolition of an approximately 21,350 square foot structure on the campus, the renovation of approximately 19,797 square feet of existing space and approximately 25,895 square feet of new construction. The project does not involve the addition of beds, the acquisition of major medical equipment or any other services for which a Certificate of Need is required. Project Cost \$12,528,125.00.

Byron R. Trauger, Esq., representing the applicant, addressed the Agency. James Scott Rowe, Administrator/CEO, HealthSouth Rehabilitation Hospital of Chattanooga spoke on behalf of the project.

Mr. Johnson moved for approval of the project based on: 1) Need – The need is well established for this fifty (50) year old facility, not being in good shape, relative to what it could be, particularly for the consumers and the patients; 2) Economic Feasibility – The project is economically feasible and with the parent company's cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care by renovating this facility. Dr. Haik seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick, Koella  
NAY: None

**Skyline Medical Center (Madison Campus) - (Madison, Davidson County) - Project No. CN1110-040**

The expansion of its adolescent (ages 13 to 17) inpatient psychiatric bed unit by eleven (11) beds, from ten (10) to twenty-one (21) beds at its Madison campus at 500 Hospital Drive, Madison (Davidson County), TN 37115. This will be done without increasing the facility's licensed beds through reclassification of eleven (11) medical-surgical beds currently included in the Madison facility's licensed bed complement. Skyline Medical Center is licensed for a total of 466 hospital beds, of which 233 are authorized at its Madison campus. The project does not include any major medical equipment, discontinuation of any health service, or a change of the hospital's total licensed bed complement. Project Cost \$2,412,504.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Jill Howard, COO, Skyline Medical Center responded to questions by members. Present in support of the project were: Brad Schultz, CFO, Skyline Medical Center and John L. Wellborn, Consultant.

Mr. Southwick moved for approval of the project based on: 1) Need – The need has been dually demonstrated, backed by the Department of Mental Health, and comments by Mr. Gaither; 2) Economic Feasibility – The project is economically feasible as cash reserves on hand are more than sufficient; and 3) The project does contribute to the orderly development of adequate and effective health care as noted in the summary comments. Mr. Doolittle seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick,  
Koella  
NAY: None

**Tennessee Oncology, PLLC - (Nashville, Davidson County) - Project No. CN1110-041**

The acquisition of a magnetic resonance imaging (MRI) scanner and the initiation of MRI services for, and limited to the patients of Tennessee Oncology, PLLC. No inpatient beds or other health services will be provided by this project. Project Cost \$1,762,835.00.

William H. West, Esq., representing the applicant, addressed the Agency. Jeff Patton, M.D., CEO, Tennessee Oncology, PLLC responded to questions by members.

Mr. Southwick moved for approval of the project based on: 1) Need – The need has been demonstrated based on the number of patients within the practice; 2) Economic Feasibility – The project is economically feasible based on the financial strength of Tennessee Oncology; and 3) The project does contribute to the orderly development of adequate and effective health care by the convenience of patients being provided the opportunity to stay within the practice for the expansion of their care. Mr. Wright seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick,  
Koella  
NAY: None

**Alexian Village Health and Rehabilitation Center - (Signal Mountain, Hamilton County) - Project No. CN1110-042**

The replacement of the existing 114-bed nursing home. The proposed new facility will remain on the Alexian Village of Tennessee campus, moving from 671 to 622 Alexian Way, Signal Mountain (Hamilton County), TN 37377. There will be no change in the number of beds at the facility, no new services will be initiated, and no services will be discontinued. Project Cost \$22,658,154.00.

Christopher C. Puri, Esq., representing the applicant, addressed the Agency. Matthew Fox, President/CEO, Alexian Village of Tennessee spoke on behalf of the project.

Mr. Lammert moved for deferral of the project for sixty (60) days to the March, 2012 meeting. The applicant is to provide additional financial information and details of other expenses, historically as well as projections, and also more details of what charity care has been provided historically and what the basis is for projections as well. Mr. Johnson seconded the motion. AMENDMENT: Ms. Weaver recommended the applicant also submit an outlined arrangement of the applicant and their owners in regards to management fees – how this organization is funded and how it operates, so members can fully understand how their budgets are developed. The motion CARRIED [11-0-0]. **DEFERRED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick,  
Koella  
NAY: None

**GENERAL COUNSEL'S REPORT**

*Jim Christoffersen summarized the following CON modification requests:*

**Williams Surgery Center, Inc. - (Murfreesboro, Rutherford County) - Project No. CN0607-052A**

Request for removal of the restriction for surgical performances only by Dr. Melvin Williams. Dr. Williams is seeking to add an associate to his practice and allow other podiatrists to schedule surgical cases on the days he does not perform surgery. This project was approved October 25, 2006 for the establishment of a single specialty ambulatory surgery center limited to podiatry with one (1) operating room. The project cost was \$165,888.

Jane Williams, Administrator, addressed the Agency on behalf of the request.

Mr. Lammert moved for approval of the request to remove limitations for services performed by Dr. Williams and to allow other podiatrists to schedule surgical cases. This will provide better utilization of an existing ASTC and allow podiatrists in the area to utilize a facility that is more in line with their needs but limited to podiatry. Mr. Johnson seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick,  
Koella

NAY: None

**Sumner Regional Medical Center - (Gallatin, Sumner County) - Project No. CN0802-010A**

Request for a decrease of the geriatric psychiatric unit from fourteen (14) beds to twelve (12) beds; and a project cost increase of \$287,710 from \$642,340 to \$925,050. This project was approved on May 28, 2008 for the establishment of a fourteen (14)-bed geriatric psychiatric program and the initiation of geriatric psychiatric services. Project Cost \$642,340.00.

Michael Herman, COO, Sumner Regional Medical Center addressed the Agency on behalf of the request and John L. Wellborn, Consultant, was present.

Mr. Southwick moved for approval of the request based on: 1) Need – The need remains unchanged; 2) Economic Feasibility – The financial feasibility of the project is enhanced substantially with the new owner; and 3) The project does contribute to the orderly development of adequate and effective health care as it already existed and was previously approved. Mr. Johnson seconded the motion. The motion CARRIED [11-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick,  
Koella

NAY: None

**CONTESTED CASE**

Mr. Christoffersen provided an update on contested cases.

**MINUTES**

Ms. Hill made a correction to page three (3) of the December 14, 2011 Minutes regarding Riverview Medical Center which would change the project cost to \$300,000 or less. The minutes were accepted by unanimous voice vote.

**ADJOURNMENT**

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

MMH/mab